LAFAYETTE
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CITY COUNCIL

Don Tatzin, Mayor
Brandt Andersson, Vice Mayor
Mike Anderson, Council Member
Carl Anduri, Council Member
Carol Federighi, Council Member

July 14, 2009

Contra Costa County Grand Jury
725 Court Street
P.O. Box 911
Martinez, California 94553-0091

Re: City of Lafayette Response to Grand Jury Report No. 0909

Dear Members of the Grand Jury:

The City of Lafayette has reviewed the findings and recommendations of Contra Costa County Grand Jury Report No. 0909. After careful consideration of the report, the City Council has authorized the Mayor to sign this letter on its behalf and responds to the Grand Jury's recommendations as follows:

Recommendation 1: That elected officials be included in travel and expense policies.

City Response: This recommendation has already been implemented as the City's travel and expense policy, attached for your reference, includes elected and appointed officials.

Recommendation 2: That attendees to city-paid conferences and seminars provide proof of attendance and deliver a report when appropriate.

City Response: This recommendation has already been implemented as the City's travel and expense policy requires that at the following City governing body meeting, each official briefly report orally or in writing on meetings attended at City expense. If multiple officials attended, a joint report may be made. This report provides the City with proof of attendance.

Recommendation 3: That all cities, at minimum, follow IRS documentation guidelines for any expenses as an audit control and for budget planning.

City Response: This recommendation has already been implemented as the City follows IRS documentation guidelines.

Recommendation 4: That management review and communicate city travel procedures on an annual basis to update and eliminate contradictions.

City Response: This recommendation has already been implemented as the City's travel policy is part of the City's administrative regulations and is periodically reviewed and updated as needed.

Recommendation 5: That city guidelines promote the use of web sites to obtain the lowest rates available and to leverage government and group rates.

City Response: This recommendation has already been implemented as the City's travel policy states that government and group rates must be used when available and specifies the use of discount travel sites. The City also utilizes the League of California Cities website when making travel arrangements.

Sincerely,

Don Tatzin, Mayor

Attachment

3675 MT. DIABLO BLVD., SUITE 210, LAFAYETTE, CA 94549
TELEPHONE: (925) 284-1968 FAX: (925) 284-3169
http//:www.ci.lafayette.ca.us

BEFORE THE CITY COUNCIL OF THE CITY OF LAFAYETTE

A Resolution of the City Council of the City of Lafayette Adopting a Travel Reimbursement Policy and Credit Card Policy Pursuant to AB 1234 and Rescinding the Travel and Training Policy

Resolution No. 2006-014

WHEREAS, Government Code section 36514.5 authorizes City Council members to be reimbursed for actual and necessary expenses incurred in the performance of official duties; and

WHEREAS, pursuant to Government Code section 53232.2(b), local agencies that have authority to reimburse legislative body members for expenses incurred in the performance of their official duties must adopt, in a public meeting, written expense policies that specify the types of occurrences that will be reimbursable; and

WHEREAS, pursuant to Government Code section 53232.2(c), the policy may also specify the applicable reimbursement rates, and if the policy does not so specify, the reimbursement rate will default to Internal Revenue Service rates; and

WHEREAS, the travel reimbursement policy provides guidance to City officials and employees on the use and expenditure of City resources, as well as the standards against which those expenditures will be measured; and

WHEREAS, the travel reimbursement policy satisfies the requirements of Government Code sections 53232.2 and 53233.3 (AB 1234); and

WHEREAS, the City also desires to adopt a credit card policy to adopt policies and procedures for the use of credit cards issued on behalf of the City in the course of performing City business.

NOW, THEREFORE, THE CITY COUNCIL DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council does hereby approve and adopt Administrative Regulation Number 105, Travel Reimbursement Policy, a copy of which is attached hereto as Exhibit "A" and adopted herein by reference.

Section 2. The City Council does hereby approve and adopt Administrative Regulation Number 519, Credit Card Policy, a copy of which is attached hereto as Exhibit "B" and adopted herein by reference.

Section 3. The City Council does hereby rescind Administrative Regulation 520 related to travel and training.

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Section 4. This Resolution shall be effective immediately after its adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Lafayette at a regular meeting of said Council on May 22, 2006 by the following vote:

AYES: Samson, Federighi, Anderson and Tatzin
NOES: None
ABSENT: Anduri
ABSTAIN: None

Ivor Samson, Mayor

ATTEST:

Joanne Robbins, City Clerk

Exhibit A

ADMINISTRATIVE REGULATIONS
Regulation Number 105
Date: May, 2006
Subject: Travel Reimbursement Policy

105.0 **Purpose**

a) Assembly Bill 1234 imposes new restrictions on compensation and the reimbursement of expenses for members of local legislative bodies and creates a new ethics training requirement for local public officials.

b) Assembly Bill 1234 requires cities and other public agencies to adopt a written policy, in a public meeting, that lists the types of occurrences that qualify a member of a legislative body to receive reimbursements for expenses relating to travel, meals, lodging, and other expenses.

105.1 **General Policies**

a) The City take its stewardship over the use of its limited public resources seriously.

b) Public resources should only be used when there is a substantial benefit to the City.

c) Such benefits include:

1. The opportunity to discuss the community's concerns with state and federal officials;

2. Participating in regional, state and national organizations whose activities affect the City;

3. Attending educational seminars designed to improve officials' and/or employees' skill and information levels; and

4. Promoting public service and morale by recognizing such service.

d) Legislative and other regional, state and federal agency business is frequently conducted over meals; sharing a meal with regional, state and federal officials is frequently the best opportunity for a more extensive, focused and uninterrupted communication about the City's policy concerns; and each meal expenditure must comply with the limits and reporting requirements of local, state and federal law.

e) In accordance with the requirements of Government Code sections 53232.2 and 53233.3 (Assembly Bill 1234), this policy provides guidance to elected and appointed officials and employees on the use and expenditure of City resources, as well as the standards against which those expenditures will be measured.

f) This policy supplements the definition of actual and necessary expenses for purposes of state laws relating to permissible uses of public resources.

g) This policy also supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws.

h) The City has numerous standing Boards and Commissions. Reimbursement as specified under this policy is authorized for the following: Lafayette City Council, Lafayette Redevelopment Agency, Lafayette Planning Commission, Lafayette Design Review Commission, Lafayette Circulation Commission, Lafayette Parks, Trails & Recreation Commission, Lafayette Emergency Preparedness Commission, and all Lafayette employees. All other City Boards and Commissions must receive authorization from the City Manager in advance of the event. This policy shall also apply to all City employees.

i) This policy also applies to any charges made to a City credit card or cash advance.

105.2 **Authorized Expenses**

a) City funds, equipment, supplies including letterhead, titles, and staff time must only be used for authorized City business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this policy are met:

1. Communicating with representatives of regional, state and national government on City adopted policy positions;

2. Attending educational seminars designed to improve officials' and/or employees' skill and information levels;

3. Participating in regional, state and national organizations whose activities affect the City's interests;

4. Recognizing service to the City (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);

5. Attending City events; and

6. Implementing a City-approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member.

All other expenditures, including the above-referenced expenditures that shall exceed $500 require prior approval by the City Manager. Out of state and international travel expenses require prior approval by the City Council.

b) State law prohibits personal use of public resources. Examples of personal expenses that the City will not reimburse include, but are not limited to:

1. The personal portion of any trip;

2. Political or charitable contributions or events;

3. Family expenses, including partner's expenses when accompanying official on agency-related business, as well as children- or pet-related expenses;

4. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;

5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and

6. Personal losses incurred while on City business.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Manager before the expense is incurred.

105.3 **Cost Control**

To conserve City resources and keep expenses within community standards for public officials and employees, expenditures should adhere to the following guidelines. In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the City will be limited to the costs that fall within the guidelines.

a) Transportation. The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route. Government and group rates must be used when available.

1. Airfare. Airfares that are equal or less than those available through Travelocity and other discount travel websites and Southwest Airlines are presumed to be the most economical and reasonable for purposes of reimbursement under this policy. Airfares shall be purchased as far in advance as possible to take advantage of reduced fares. Receipts are required for payment or reimbursement of airfare.

2. Automobile. Automobile mileage is reimbursed at the applicable Internal Revenue Service rate in effect at the time of travel (http://www.irs.gov/publications/p463/ch04.html#d0e3119). The reimbursement rate is designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.

3. Car Rental. Car rental rates that are equal or less than those available through

Avis, Budget, Enterprise, Hertz, etc. for an economy vehicle shall be considered the most economical and reasonable for purposes of reimbursement under this policy. Larger vehicles may be rented as appropriate, depending upon the number of passengers. Receipts are required for payment or reimbursement of car rental expenses.

4. Taxis/Shuttles. Taxis or shuttles fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.

b) Lodging. Lodging expenses will be reimbursed or paid for when travel on official City business reasonably requires an overnight stay. Receipts are required for payment or reimbursement of lodging expenses.

1. Conferences/Meetings. If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available than comparable lodging shall be obtained, see next section.

2. Other Lodging. Travelers must request government rates, when available. Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. If the group rate and government rate are not available than lodging rates shall not exceed $225 per night.

   If lodging rates exceed the government rate for the area, actual lodging costs may be reimbursed conditioned upon performance of a good faith effort evidenced by documentation (e.g., internet search or phone calls) that demonstrate an attempt to find median-priced lodging.

c) Meals. Meal expenses and associated gratuities will be reimbursed up to the $100 per day. Receipts are required for payment or reimbursement of meal expenses. The City will not pay for alcohol/personal bar expenses or for meal expenses for third parties.

d) Telephone/Fax/Cellular. Officials and employees will be reimbursed for actual telephone and fax expenses incurred on City business. Telephone bills should identify which calls were made on City business. For cellular calls when the official or employee has a particular number of minutes included in the official's or employee's plan, the official or employee can identify the percentage of calls made on public business.

e) Airport Parking. Officials and employees will be reimbursed for actual airport parking expenses incurred on City business. Receipts are required for payment or reimbursement of parking expenses.

f) Other. Gratuities of up to 15 percent will be reimbursed for services provided. Expenses for which City officials and employees receive reimbursement from another agency are not reimbursable.

105.4 **Cash Advances**

a) If an official or employee is unable to finance travel from personal funds until a reimbursement voucher is paid, he or she may request an advance of public funds. Requests for advances shall be reviewed by the City Manager to determine reasonableness of amount. The City Manager may authorize an advance amount not to exceed $200. An advance in excess of this amount requires City Council approval before issuance. All advances must be properly accounted for upon return from travel.

b) Any unused advance must be returned to the City treasury within five (5) days of the officials' return, along with a City expense report and receipt documenting how the advance was used in compliance with this expense policy.

105.5 **Credit Card Use**

a) The City may issue credit cards to individual employees. The policies and procedures governing the use of City credit cards, which are covered under City Regulation 519, Credit Card Policy, shall be followed.

b) City credit cards may not be used for personal expenses, even if the official or employee subsequently reimburses the City.

105.6 **Expense Report Content and Submission Deadline**

a) All credit card expenses and expense reimbursement requests must be submitted on an expense report form provided by the City. This form shall include the following advisory:

"All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the City's policies include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability."

b) Expense reports must document that the expense in question met the requirements of this policy. For example, if the meeting is with a legislator, the official or employee should explain what expenses were incurred, what issues were discussed and how those relate to the City's adopted legislative positions and priorities.

c) Officials and employees must submit their expense reports within 45 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation.

d) Inability to provide such documentation in a timely fashion may result in the expense being borne by the official or employee.

105.7 **Audits of Expense Reports**

All expenses are subject to verification that they comply with this policy.

105.8 **Reports to Governing Board**

At the following City governing body meeting, each official shall briefly report orally or in writing on meetings attended at City expense. If multiple officials attended, a joint report may be made.

105.9 **Compliance with Laws**

City officials and employees should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act.

105.10 **Violations**

Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: (a) loss of reimbursement privileges; (b) a demand for restitution to the City; (c) the City's reporting the expenses as income to the elected official to state and federal tax authorities; (d) civil penalties of up to $1,000 per day and three times the value of the resources used; and (e) prosecution for misuse of public resources.

Exhibit B

ADMINISTRATIVE REGULATIONS
Regulation Number 519
Date: May, 2006
Subject: Credit Card Policy

519.0 **Purpose**

This regulation sets out the policies for the use of credit cards issued on behalf of the City in the course of performing City business.

519.1 **Requirements – General Policies**

a) It is the City's policy to issue a credit card to the City Manager and to his or her designees for expenditures made in the course of performing City business.

b) The City credit card is to be used for approved, official business only. Appropriate City credit card uses shall include, but is not limited to:

- Traveling on City business
- Purchase of goods or services from vendors where use of a check is not practical, such as the case with many internet purchases.
- Securing reservations and locations for various City activities, attending local meetings, community events, and honoree events.
- The City credit card may be used in conjunction with official city business such as meetings with City Council, applicants, developers, or consultants.

c) Use of the City credit card is not intended to replace the City's normal purchasing procedures or to replace effective procurement planning which enables volume discounts. The City credit card may not be used for the purchase of goods or services that would otherwise require competitive bidding.

d) The City credit card shall not be used for personal expenses, even if City employee reimburses the City.

519.2 **Procedures**

a) Reconciliation. The Cardholder will submit receipts and/or documentation describing each transaction made on the card. Receipts/documentation should be completed and submitted to the Financial Services Manager no later than five (5) days after the credit card use or purchase. In the event of a lost or missing receipt, the Cardholder must complete a statement explaining the absence of the documentation and confirming that the expenses were legitimately incurred in the conduct of City business.

b) Disputed Charges. Cardholders are responsible for notifying the Finance Services

Manager immediately of any disputed charges. The Cardholder will be responsible for resolving the disputed charge directly with the credit card company.

c) Lost or Stolen Cards. Cardholders are responsible for notifying the Finance Services Manger immediately if the card is lost or stolen.

d) Timely Payment. The Financial Services Manager will ensure timely payments on all credit card charges.

Grand Jury

Contra
Costa
County

725 Court Street
P.O. Box 911
Martinez, CA 94553-0091

May 12, 2009

Don Tatzin, Mayor
City of Lafayette
3675 Mt. Diablo Blvd, #210
Lafayette, CA 94549

Dear Mayor Tatzin:

Attached is a copy of Grand Jury Report No. 0909, "Harsh Economic Times Dictate City Travel Practices Be Fine Tuned" by the 2008-2009 Contra Costa Grand Jury.

In accordance with California Penal Code Section 933.05, this report is being provided to you at least two working days before it is released publicly.

Section 933.5(a) of the California Government Code requires that (the responding person or entity shall report one of the following actions) in respect to each finding:

(1) The respondent agrees with the finding.
(2) The respondent disagrees with the finding.
(3) The respondent partially disagrees with the finding.

In the cases of both (2) and (3) above, the respondent shall specify the portion of the finding that is disputed, and shall include an explanation of the reasons therefor.

In addition, Section 933.05(b) requires that the respondent reply to each recommendation by stating one of the following actions:

1. The recommendation has been implemented, with a summary describing the implemented action.

2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

3. The recommendation requires further analysis. This response should explain the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion. This time frame shall not exceed six months from the date of the publication of the Grand Jury Report.

4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

Please be reminded that Section 933.05 specifies that no officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to its public release. Please insure that your response to the above noted Grand Jury report includes the mandated items. We will expect your response, using the form described by the quoted Government Code, no later than **July 13, 2009.**

It would be greatly appreciated if you could send this response in hard copy to the Grand Jury as well as by e-mail to jcuev@contracosta.courts.ca.gov (Word document).

Sincerely,

Leslie Lea gc

LESLIE LEA, Foreperson
2008-2009 Contra Costa County Civil Grand Jury

Contact: Leslie Lea
Foreperson
(925) 957-5638

Contra Costa County 2008-2009 Grand Jury Report 0909

HARSH ECONOMIC TIMES DICTATE CITY TRAVEL PRACTICES BE FINE TUNED.

TO: Contra Costa County City Councils

SUMMARY

An important responsibility of the Grand Jury is the oversight of cities' spending activities. These include not only city budgets but also adopted practices that affect spending programs. Cases of unauthorized credit card use and other instances of misused funds for travel and meeting expenses prompted the Grand Jury to direct its attention to review the travel expenditures, meeting practices, and documentation procedures of the 19 incorporated cities in Contra Costa County.

The Grand Jury developed a survey which was sent to each city with questions relating to travel and meeting expenses. Cities varied in travel and meeting regulations and how those regulations were administratively applied. Cities ranged in population from less than 25,000 to greater than 100,000.

The intent of the survey was to identify information relating to cities' credit card and travel practices. These guidelines may be different for elected officials than for city staff members.

After conducting the survey of the 19 incorporated cities within Contra Costa County, the Grand Jury was satisfied with the quality of each city's travel policy. The Grand Jury found several outstanding examples of procedures and guidelines and are offering them as best practice enhancements for each city to consider.

FINDINGS

1. Cities in Contra Costa County range in population from less than 25,000 to more than 100,000.

2. Two cities responded that they did not have separate travel and expense policies for elected officials.

3. Twelve cities responded that they required proof of attendance at city-paid events such as conferences and seminars.

4. Four cities did not require receipts for reimbursement of travel expenses.

5. Some cities responded to the survey with answers that were not consistent with their written policies.

6. Cities were budget conscious about arranging for transportation, hotel accommodations and other traveler needs, but guidelines varied significantly.

7. All city managers possess and use city credit cards. The control policies for using the cards appear to be adequate.

RECOMMENDATIONS

1. That elected officials be included in travel and expense policies.

2. That attendees to city-paid conferences and seminars provide proof of attendance and deliver a report when appropriate.

3. That all cities, at minimum, follow IRS documentation guidelines for any expenses as an audit control and for budget planning.

4. That management review and communicate city travel procedures on an annual basis to update and eliminate contradictions.

5. That city guidelines promote the use of web sites to obtain the lowest rates available and to leverage government and group rates. A partial list of the government websites includes:

- State Association of Counties **www.csac.counties.org**
- State of California website **www.ofa.dgs.ca.gov**
- California Travel Smart **www.catravelsmart.com**
- League of California Cities **www.cacities.org/travel**

REQUIRED RESPONSES:

Findings: None (all cities responded by survey)

Recommendations: 1 through 5
Antioch, Brentwood, Clayton, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon and Walnut Creek.